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SUSAN G. LICHTENFELD

June 8, 1999

Via Messenger Delivery

Mr. Vernon A. Williams
Secretary
Office of the Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.. 20423

RECORDATION NO.

22189
FILED

JUN 8 '99

11-20AM

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two original executed copies and three photostatic copies of a Memorandum of Security Agreement, dated as of June 3, 1999 (the "Memorandum of Security Agreement"), between Fleet Capital Corporation, as agent ("Secured Party") for the lenders referred to below ("Lenders") and Freight Car Services, Inc. ("Debtor"), which Memorandum of Security Agreement is a primary document as defined in the Commission's Rules for the Recordation of Documents. The Memorandum of Security Agreement relates to that certain Loan and Security Agreement, dated as of June 3, 1999 (the "Security Agreement"), between Secured Party, Lenders, Debtor, Johnstown America Corporation, Rabbit Hill Intermedco, Inc., Rabbit Hill Operations, Inc., JAIX Leasing Company and JAC Patent Company.

The names and addresses of the parties to the enclosed Memorandum of Security Agreement are:

Secured Party: Fleet Capital Corporation, as Agent
200 Glastonbury Boulevard
Glastonbury, Connecticut 06033

Attn: Northeast Loan Administrator

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Debtor: Freight Car Services, Inc.
2313 Cannon Street
Danville, Illinois 61832

A brief and non-exclusive description of the collateral covered by the enclosed document is as follows: All of Debtor's interest in and to all Inventory, Equipment, accounts and general intangibles, including railroad rolling stock, whether now owned or existing or hereafter created, manufactured, acquired or arising, including, without limitation, work-in-process and finished goods inventory, and including, without limitation, any security interest or lien the Debtor may have in railroad rolling stock or other collateral that has been sold on credit to buyers, and the products, proceeds and accessions of and to any of the foregoing; provided, however, that the foregoing security interest and lien shall be released, pursuant to UCC Section 9-307, without further action of Secured Party upon the sale of finished good railroad rolling stock sold by Debtor to a buyer in the ordinary course of business, except that the security interest granted by Debtor to Secured Party shall extend to and continue in any proceeds of the sale of any such railroad rolling stock. **THE SECURITY INTEREST CREATED BY THE ENCLOSED DOCUMENT COVERS AFTER- ACQUIRED AND AFTER-CREATED PROPERTY.**

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped original copy, the three stamped photostatic copies of the enclosed document and the stamped photostatic copy of this letter to Susan G. Lichtenfeld at Ross & Hardies, 150 North Michigan Avenue, Suite 2500, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

Primary Document to be Recorded

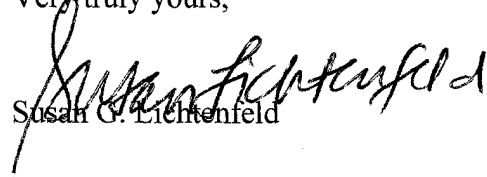
Memorandum of Security Agreement, dated as of June 3, 1999 between Fleet Capital Corporation, as agent, as Secured Party and Freight Car Services, Inc., as Debtor, covering all of Debtor's interest in and to all Inventory and other Collateral, including without limitation all railroad rolling stock, work-in process and finished goods inventory, accounts and general intangibles and the products, proceeds and accessions of the foregoing, and including after-acquired and after-created property.

Mr. Vernon A. Williams

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Very truly yours,

A handwritten signature in cursive script, reading "Susan Lichtenfeld". The signature is written in dark ink and is positioned above the printed name.

Susan G. Lichtenfeld

SGL/vgc

w/encl.

cc: Robert W. Kleinman

RECORDATION NO.

FILED

JUN 8 '99

11-20AM

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of Security Agreement is made and entered into as of June 3, 1999, by and between FLEET CAPITAL CORPORATION, as agent (hereinafter referred to as the "Secured Party") and FREIGHT CAR SERVICES, INC. (hereinafter referred to as the "Debtor").


Pursuant to the Loan and Security Agreement dated as of June 3, 1999 (as amended, restated, modified and supplemented, the "Security Agreement") between Secured Party and Lenders (as such terms are defined in the Security Agreement), Debtor, Johnstown America Corporation ("Johnstown"), Rabbit Hill Intermedco, Inc., Rabbit Hill Operations, Inc., JAIX Leasing Company and JAC Patent Company, and subject to the terms and conditions therein set forth, Secured Party has agreed to make certain loans and extend other credit to Debtor and Johnstown. As security for the payment and fulfillment of its obligations to Secured Party and Lenders under the Security Agreement and related documents, Debtor granted to Secured Party a security interest in, among other things, all of Debtor's Inventory, Equipment, Accounts and General Intangibles, as such terms are defined in the New York Uniform Commercial Code (the "Code"), whether now owned or existing or hereafter created, manufactured, acquired or arising, including, without limitation, all railroad rolling stock, work-in-process and finished goods inventory and including any security interest or lien that Debtor may have in railroad rolling stock or other collateral that has been sold on credit to buyers, and the products, proceeds and accessions of and to any of the foregoing (hereinafter collectively referred to as the "Collateral"); provided, however, to the extent provided by Section 9-307 of the Code, the security interest and lien of Secured Party shall be released without further action of Secured Party upon the sale of finished goods rolling stock to buyers in the ordinary course of business, except that the security interest granted by Debtor to Secured Party shall extend to and continue in any proceeds of the sale of any such railroad rolling stock.

As contemplated by the Security Agreement, Secured Party and Debtor hereby make this Memorandum of Security Agreement to confirm and perfect Secured Party's security interest in the Collateral, to the extent such security interest is perfectible by a filing with the Surface Transportation Board. Secured Party and Debtor further acknowledge and confirm that this Memorandum of Security Agreement is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. Accordingly, Secured Party and Debtor agree that in the event of a conflict between this Memorandum of Security Agreement and the provisions of the Security Agreement, the provisions of the Security Agreement shall control.

IN WITNESS WHEREOF, each of Secured Party and Debtor, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be executed by a duly authorized officer as of the date first above written.

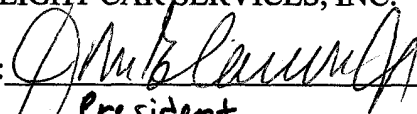
SECURED PARTY:

FLEET CAPITAL CORPORATION,
as Agent and Lender

By: 
Its: Senior Vice President

DEBTOR:

FREIGHT CAR SERVICES, INC.

By: 
Its: President

STATE OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA) :SS

On this 3RD day of JUNE, 1999, before me personally appeared
OLEH SZCZUPAK, to me personally known, who being by me duly
sworn, says that he is a SR. VICE PRESIDENT of FLEET CAPITAL
CORPORATION, a Rhode Island corporation, that said instrument was signed on behalf of said
corporation by an officer duly authorized to sign said instrument, and he acknowledged that the
execution of the foregoing instrument was the free act and deed of said corporation.

Mary E. Brundage
Notary Public

[NOTARIAL SEAL]



My Commission expires:

STATE OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA) SS:

On this 3RD day of JUNE, 1999, before me personally appeared
JOHN E. CARROLL JR., to me personally known, who being duly sworn, says that he is
a PRESIDENT of FREIGHT CAR SERVICES, INC., a Delaware corporation, that said
instrument was signed on behalf of said corporation by authority of its Board of Directors, and he
acknowledged that the execution of the foregoing instrument was the free act and deed of said
corporation.

Mary E. Brundage
Notary Public

[NOTARIAL SEAL]



My Commission Expires: